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Contact: Amy Hanauer, 216.361.9801
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Free tax program served 12,082 families this year Brought \$14.8 million to Cuyahoga County

The Cuyahoga Earned Income Tax Credit Coalition brought free, high-quality tax preparation services to 12,082 Cuyahoga County residents this year, according to a report released today by Policy Matters Ohio.

Most clients earned less than \$25,000, and 3,948 received the Earned Income Tax Credit (EITC). The Coalition and its partners helped residents obtain \$14.8 million in federal refunds for the 2013 tax filing season, bringing \$30 to Cuyahoga County for every dollar spent to provide services. In the EITC alone, the Coalition filed claims that brought \$5.5 million to Cuyahoga County.

“Free tax preparation through the Cuyahoga EITC Coalition brings federal money to northeast Ohio and helps working families thrive here,” said executive director, Amy Hanauer. Based on a survey of nearly 2,700 clients, Policy Matters Ohio found that low-income families that rely on their EITC refunds primarily use it to pay for basic needs.

The federal EITC helps low and moderate-income working families and individuals to keep more of what they earn. Because it is refundable, working families who don’t earn enough to pay income taxes still get an earned income credit to make up for the regressive nature of other taxes and to help make work pay.

Ohio lawmakers made positive changes to Ohio’s EITC this year, doubling it to 10 percent of the federal credit, but design flaws prevent the state credit from reaching many low-income workers. In particular, Ohio’s EITC is not refundable, which means that the lowest income earners don’t get anything. One of the major goals of the EITC is to make up for regressive property and sales taxes, but the lack of refundability means that the state credit doesn’t help with that.

“The federal EITC is one of the main ways that we help working families avoid poverty,” said Hanauer. “We’re excited to work with policymakers to make Ohio’s state credit more effective.”

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Policy Matters Ohio is a nonprofit, nonpartisan state policy research institute with offices in Cleveland and Columbus. The Cuyahoga County EITC Coalition is led by Enterprise Community Partners and includes more than 40 partners.